United States Attorney
Southern District of New York

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<u>U.S. REACHES SETTLEMENT REGARDING EBBERS'S RESTITUTION OBLIGATIONS</u>

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that he has reached a settlement agreement with BERNARD J. EBBERS, the former Chief Executive Officer of WorldCom, that will provide compensation to benefit the Class represented by the Lead Plaintiff in the WorldCom Securities Class Action Litigation, the New York State Common Retirement Fund. The settlement agreement will result in an initial payment of approximately $5 million in cash from EBBERS to the Class and the transfer of substantially all of EBBERS's assets to a liquidation trust (an approximate value of $25-40 million), for the benefit of the Class and MCI, Inc. As a result, the Government will not seek an order of restitution at EBBERS's sentencing proceeding before United States District Judge BARBARA S. JONES, but will instead ask the Court to impose a special condition of supervised release requiring EBBERS to comply with the terms of the settlement agreement.

Under the terms of the settlement agreement, which remains subject to approval by United States District Judge DENISE COTE, who is presiding over the WorldCom Class Action Litigation, EBBERS is required to transfer substantially all of his assets either directly to the Class in the WorldCom Securities Litigation or to a liquidation trust that will be established to sell off his assets for the benefit of the Class and MCI.

Other than certain amounts set aside to pay legal bills and a modest living allowance for his wife, EBBERS will be required to transfer all of his remaining cash to the Class. This will result in an initial recovery for the Class of approximately $5 million in cash, $3 million of which must be paid within three days of preliminary approval of the settlement by Judge COTE. The terms also require EBBERS to make a $450,000 payment to the class of former WorldCom employees who sued EBBERS in the related WorldCom ERISA class action.

In addition to the cash payments to the Securities Class and the ERISA Class, EBBERS will also be required to transfer to the Class/MCI trust substantially all of his remaining non-cash assets, including his multi-million dollar home in Clinton, Mississippi (which he and his family must vacate when sold or in any event by October 31, 2005); a prospective multi-million dollar income tax refund; and his interests in a number of businesses including a lumber company, several thousands acres of timberland, a major trucking company, a marina, a golf course, a grain elevator company, a rice farm, a hotel, and other real estate ventures. These assets will be sold in the coming months, with the proceeds being split between the Class and MCI. The Class will receive 75% of the proceeds of these sales, and MCI will receive 25% of the proceeds, except in the case of the Joshua Timberlands property, as to which MCI currently has a lien and for which the proceeds of any sale will be split 2/3 for the Class and 1/3 for MCI. Although difficult to predict the precise amounts to be realized in sales of these non-cash assets, it is estimated that the total value of these assets could be in the range of $25-40 million. Counsel for the Class has agreed not to take any attorney's fees from the proceeds generated by this settlement agreement.

Mr. KELLEY thanked the Federal Bureau of Investigation and the United States Securities and Exchange Commission for their assistance in this investigation and prosecution of EBBERS, which led to this settlement agreement.

In total, six former officers and employees of WorldCom have been convicted of federal crimes related to their conduct at WorldCom. Judge JONES has scheduled sentencing proceedings for these individual defendants as follows:

Bernard J. Ebbers: July 13, 2005

Betty Vinson:	July 25, 2005
Troy Normand:	July 26, 2005
Buford Yates:	July 28, 2005
David F. Myers:	August 1, 2005
Scott D. Sullivan:	August 4, 2005

To conduct orderly proceedings and to maintain a reasonable schedule, any victim who wishes to be heard during any court proceeding must notify the chambers of United States District Judge BARBARA S. JONES, Southern District of New York, 40 Centre St., New York, New York 10007, no later than one week prior to any sentencing proceeding. Based on the number of victims who provide such notice, the Court will rule on the manner in which victims will be heard at such proceedings. Similarly, any victim who objects to the settlement described above must file those objections with the Clerk of the Court and serve those objections on all parties no later than July 6, 2005.

Assistant United States Attorneys DAVID B. ANDERS and KATHERINE GOLDSTEIN are in charge of the prosecution.

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